



**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#7 JANUARY 17, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

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January 17, 2012

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT  
(ALL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC MC – Various \$4,000
- (2) Account Number Harbor-UCLA MC – Various \$4,164
- (3) Account Number LAC+USC MC – Various \$6,011
- (4) Account Number Harbor-UCLA MC – Various \$8,333
- (5) Account Number LAC+USC MC – 11773959 \$1,100,000

Trauma patients who received medical care at non-County facilities:

- (6) Account Number EMS - 518 \$5,000
- (7) Account Number EMS - 519 \$5,394

Total All Accounts: \$1,132,902

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (5) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (6) - (7) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$1,132,902.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff,

plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: JANUARY 17, 2012

Total Gross Charges	\$48,733	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$48,733	Date of Service	Various
Compromise Amount Offered	\$4,000	% Of Charges	8 %
Amount to be Written Off	\$44,733	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$48,733 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	\$378.84	\$378.84	3 %
LAC+USC Medical Center *	\$48,733	\$4,000	27 %
Other Lien Holders *	\$5,024.05	\$2,507	16 %
Patient	-	\$3,114.16	21 %
Total	-	\$15,000	100 %

\* Lien holders are receiving 43% of the settlement (27% to LAC+USC Medical Center and 16% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: JANUARY 17, 2012

Total Gross Charges	\$19,630	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$19,630	Date of Service	Various
Compromise Amount Offered	\$4,164	% Of Charges	21 %
Amount to be Written Off	\$15,466	Facility	H-UCLA Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$19,630 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$6,000	\$6,000	40 %
Lawyer's Cost	\$670.25	\$670.25	5 %
H-UCLA Medical Center **	\$19,630	\$4,164	28 %
Other Lien Holders **	\$5,507.25	\$1,102	7 %
Patient**	-	\$3,063.75	20 %
Total	-	\$15,000	100 %

\* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

\*\* Lien holders are receiving 35% of the settlement (28% to H-UCLA Medical Center and 7% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: JANUARY 17, 2012

<b>Total Gross Charges</b>	\$48,349	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$48,349	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$6,011.18	<b>% Of Charges</b>	12 %
<b>Amount to be Written Off</b>	\$42,337.82	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$48,349 for medical services rendered. The patient qualifies for the Outpatient Reduced-Cost Simplified Application (ORSA) and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$5,000	\$5,000	33 %
<b>Lawyer's Cost</b>	\$706.69	\$706.69	5 %
<b>LAC+USC Medical Center *</b>	\$48,349	\$6,011.18	40 %
<b>Other Lien Holders *</b>	\$24,334.84	\$3,282.13	22 %
<b>Patient</b>	-	-	-
<b>Total</b>	-	\$15,000	100 %

\* Lien holders are receiving 62% of the settlement (40% to LAC+USC Medical Center and 22% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: JANUARY 17, 2012

<b>Total Gross Charges</b>	\$76,674	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$76,674	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$8,333.33	<b>% Of Charges</b>	11 %
<b>Amount to be Written Off</b>	\$68,340.67	<b>Facility</b>	H-UCLA Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$76,674 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$8,333.33	\$8,122.23	33 %
<b>Lawyer's Cost</b>	\$422.50	\$422.50	1 %
<b>H-UCLA Medical Center</b>	\$76,674	\$8,333.33	33 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$8,121.94	33 %
<b>Total</b>	-	\$25,000	100 %

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: JANUARY 17, 2012

<b>Total Balance</b>	\$1,560,141	<b>Account Number</b>	11773959
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$1,560,141	<b>Date of Service</b>	5/14/11 - 8/25/11
<b>Compromise Amount Offered</b>	\$1,100,000	<b>% Of Charges</b>	71 %
<b>Amount to be Written Off</b>	\$460,141	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6  
DATE: JANUARY 17, 2012

<b>Total Charges (Providers)</b>	\$67,608	<b>Account Number</b>	EMS 518
<b>Amount Paid to Provider</b>	\$14,471	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 9/6/10 - 9/10/10
<b>Compromise Amount Offered</b>	\$5,000	<b>% of Payment Recovered</b>	35 %

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total inpatient and outpatient gross charges of \$67,608 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$14,471. The patient's third-party claim has been settled for \$15,000, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$15,000)</b>
<b>Attorney fees</b>	\$5,071	\$5,071	34 %
<b>Los Angeles County</b>	\$58,191	\$3,000	20 %
<b>Los Angeles County EMS Physicians</b>	\$9,417	\$2,000	13 %
<b>Patient</b>		\$4,929	33 %
<b>Total</b>		\$15,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 35% (\$5,000) of amount paid to Providence Holy Cross Medical Center.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7  
DATE: JANUARY 17, 2012

<b>Total Charges (Providers)</b>	\$30,221	<b>Account Number</b>	EMS 519
<b>Amount Paid to Provider</b>	\$13,246	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 7/25/10 - 7/25/10
<b>Compromise Amount Offered</b>	\$5,394	<b>% of Payment Recovered</b>	41 %

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total inpatient and outpatient gross charges of \$30,221 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$13,246. The patient's third-party claim has been settled for \$15,000, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$15,000)</b>
<b>Attorney fees</b>	\$5,000	\$5,000	33 %
<b>Los Angeles County</b>	\$30,221	\$5,394	36 %
<b>Other lien holders</b>	\$775	\$350	3 %
<b>Patient</b>		\$4,256	28 %
<b>Total</b>		\$15,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 41% (\$5,394) of amount paid to Providence Holy Cross Medical Center.